

**B-Engrossed**  
**Senate Bill 447**

Ordered by the Senate July 6  
Including Senate Amendments dated March 6 and July 6

Sponsored by Senator DEVLIN, Representative FAGAN, Senator KNOPP (at the request of Task Force on School Capital Improvement Planning) (Pre-session filed.)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes grant program to provide matching fund grants to school districts for capital costs of school districts. [*Authorizes State Treasurer to issue Article XI-P general obligation bonds to match general obligation bonds issued by school districts for capital construction.*]

Establishes Office of School Facilities. Prescribes duties of office, including distributing moneys to school districts with facility needs.

Modifies distributions from State School Fund for facilities grants. Provides for distributions from State School Fund to Office of School Facilities.

**Increases limitation on biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by Department of Education, for costs of administering grant program.**

Declares emergency, effective July 1, 2015.

**A BILL FOR AN ACT**

1  
2 Relating to funding for capital costs of school districts; creating new provisions; amending ORS  
3 327.008 and 329.488; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Sections 2 and 3 of this 2015 Act are added to and made a part of ORS**  
6 **286A.796 to 286A.806.**

7 **SECTION 2. (1) The Department of Education shall administer a grant program that is**  
8 **financed with the net proceeds of Article XI-P bonds and that provides matching fund grants**  
9 **to school districts for capital costs of the school districts. Any construction, improvement,**  
10 **remodel, equipment, maintenance or repair of a building of a school district that is financed**  
11 **with a grant received under this section is not required to meet the standards specified in**  
12 **ORS 286A.810.**

13 **(2) A school district that seeks a grant under this section must prepare and submit a**  
14 **facilities assessment and a long-range facilities plan to the department with the application**  
15 **for the grant.**

16 **(3) A school district is eligible to receive a grant under this section if:**

17 **(a) The school district complies with the requirements of this section and rules adopted**  
18 **pursuant to this section; and**

19 **(b) Moneys are available to the school district pursuant to subsection (6) of this section.**

20 **(4) A school district that receives a grant under this section must provide matching**  
21 **funds that meet or exceed the amount of the grant. The matching funds must be from gen-**  
22 **eral obligation bonds approved by the voters of the school district to finance capital costs**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 of the school district.

2 (5) Grants awarded under this section shall be calculated as follows:

3 (a) For a school district that provides matching funds in any amount up to \$4 million, a  
4 matching ratio for state to local funds of one to one.

5 (b) For a school district that provides matching funds in any amount greater than \$4  
6 million, a matching ratio for state to local funds that is based on the funding formula de-  
7 veloped as provided in subsection (7)(c) of this section. Grants awarded under this paragraph  
8 shall be for a minimum of \$4 million per grant and a maximum of \$8 million per grant.

9 (6)(a) The department shall award grants to school districts as follows:

10 (A) Sixty percent of funds available for grants shall be based on the priority list estab-  
11 lished under subsection (7)(b) of this section; and

12 (B) Forty percent of funds available for grants shall be provided to school districts based  
13 on the order in which the Department of Education receives the completed applications for  
14 the grants.

15 (b) To the extent that moneys are available, a school district that receives moneys as  
16 provided by paragraph (a)(A) of this subsection also may receive moneys as provided by  
17 paragraph (a)(B) of this subsection. The total amount the school district receives may not  
18 exceed the maximum amount allowed under subsection (5) of this section.

19 (7)(a) For the purpose of awarding grants under this section, the department shall de-  
20 velop a priority list and a funding formula that are based on:

21 (A) The total assessed value of all tangible property located in the school district;

22 (B) The percentage of poverty families within the school district, as calculated under  
23 ORS 327.013 (1)(c)(A)(v)(I); and

24 (C) The number of students in average daily membership for the school district, as cal-  
25 culated under ORS 327.061.

26 (b) The priority list developed under this subsection shall be used to rank the order in  
27 which school districts may qualify to receive a grant under subsection (6)(a)(A) of this sec-  
28 tion.

29 (c) The funding formula developed under this subsection shall be used to determine the  
30 matching ratio for state to local funds. The funding formula must comply with the limits  
31 described in subsection (5) of this section.

32 (8) The State Board of Education may adopt any rules necessary for the administration  
33 of this section.

34 **SECTION 3.** Notwithstanding the requirement described in section 2 (2) of this 2015 Act,  
35 a school district that submits an application for a grant under section 2 of this 2015 Act  
36 during the 2015-2017 biennium is not required to provide a facilities assessment and a long-  
37 range facilities plan with a grant application.

38 **SECTION 4.** (1) Pursuant to Article XI-P, section 4, of the Oregon Constitution, the  
39 Oregon School Capital Improvement Matching Account is established in the State Treasury,  
40 separate and distinct from the General Fund.

41 (2) Amounts in the Oregon School Capital Improvement Matching Account may be in-  
42 vested as provided in ORS 286A.025 (2)(g), and interest earned on moneys in the account  
43 must be credited to the account.

44 (3) Notwithstanding ORS 286A.806, the Oregon School Capital Improvement Matching  
45 Account consists of net proceeds of Article XI-P bonds and other moneys made available by

1 the Legislative Assembly for purposes described in ORS 286A.798 (1) and the budget author-  
2 ization for bond issuance established under ORS 286A.035 for the Department of Education.

3 (4) Moneys in the Oregon School Capital Improvement Matching Account are contin-  
4 uously appropriated to the Department of Education for the purposes described in section 2  
5 of this 2015 Act.

6 **SECTION 5.** For the purpose of assisting school districts with capital costs, the Office  
7 of School Facilities is established within the Department of Education. The office shall be  
8 responsible for:

9 (1) Distributing hardship grants to school districts with facility needs. Grants awarded  
10 under this section may not exceed \$500,000 and shall be provided to school districts based on  
11 the order in which the Department of Education receives the completed applications for the  
12 grants. A school district may be eligible for a grant under this subsection if the school dis-  
13 trict meets requirements established by the State Board of Education by rule, including any  
14 requirements to provide matching funds.

15 (2) Providing technical assistance and establishing and maintaining standards for facili-  
16 ties assessments and long-range facilities plans for school districts.

17 (3) Administering a certification program for qualified providers of technical assistance  
18 for the purposes described in subsection (2) of this section.

19 (4) Providing grants to school districts for the cost of technical assistance for the pur-  
20 poses described in subsection (2) of this section. The State Board of Education may establish  
21 by rule requirements for a school district to receive a grant under this subsection. Grants  
22 for a school district under this subsection may not exceed:

23 (a) \$20,000 for a facilities assessment;

24 (b) \$25,000 for a long-range facilities plan; and

25 (c) \$25,000 for a seismic assessment or other specialized assessment.

26 (5) Maintaining the Oregon School Facilities Database. The database must include infor-  
27 mation that:

28 (a) Assists with analyzing, planning and prioritizing school capital improvement needs for  
29 school districts by providing district-to-district and school-to-school comparisons; and

30 (b) Is required by the State Board of Education by rule.

31 (6) Administering the grant program described in section 2 of this 2015 Act.

32 **SECTION 6.** (1) At least annually, the Superintendent of Public Instruction shall convene  
33 a school facilities advisory group.

34 (2) The advisory group convened under this section shall consist of:

35 (a) Experts in finance, architecture, engineering and construction; and

36 (b) Representatives of school districts.

37 (3) The advisory group shall assist the superintendent in issues related to school facili-  
38 ties. To assist the superintendent, the advisory group shall:

39 (a) Review the grant program established by section 2 of this 2015 Act;

40 (b) Review the certification program for qualified providers of technical assistance de-  
41 scribed in section 5 (3) of this 2015 Act;

42 (c) Review the maintenance of the Oregon School Facilities Database described in section  
43 5 (5) of this 2015 Act; and

44 (d) Advise the superintendent on any needed changes of programs related to school fa-  
45 cilities or capital costs of school districts.

1        **SECTION 7.** ORS 327.008, as amended by section 6, chapter 81, Oregon Laws 2014, is amended  
2 to read:

3        327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist  
4 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education  
5 Stability Fund. The State School Fund is continuously appropriated to the Department of Education  
6 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,  
7 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961 and sections 1 to 3, chapter 735,  
8 Oregon Laws 2013, and section 2, chapter 81, Oregon Laws 2014.

9        (2) There shall be apportioned from the State School Fund to each school district a State School  
10 Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant  
11 and a transportation grant and a high cost disabilities grant minus local revenue, computed as pro-  
12 vided in ORS 327.011 and 327.013.

13        (3) There shall be apportioned from the State School Fund to each education service district a  
14 State School Fund grant as calculated under ORS 327.019.

15        (4) All figures used in the determination of the distribution of the State School Fund shall be  
16 estimates for the same year as the distribution occurs, unless otherwise specified.

17        (5) Numbers of students in average daily membership used in the distribution formula shall be  
18 the numbers as of June of the year of distribution.

19        (6) A school district may not use the portion of the State School Fund grant that is attributable  
20 to the facility grant for capital construction costs.

21        (7) The total amount of the State School Fund that is distributed as facility grants may not ex-  
22 ceed [~~\$20~~] **\$9** million in any biennium. If the total amount to be distributed as facility grants exceeds  
23 this limitation, the Department of Education shall prorate the amount of funds available for facility  
24 grants among those school districts that qualified for a facility grant. **If the total amount to be**  
25 **distributed as facility grants does not exceed this limitation, any remaining amounts shall**  
26 **be expended for expenses incurred by the Office of School Facilities as provided in section 5**  
27 **(1) of this 2015 Act.**

28        **(8) Each biennium, the Department of Education may expend from the State School Fund**  
29 **no more than \$6 million for expenses incurred by the Office of School Facilities under section**  
30 **5 (2) to (6) of this 2015 Act.**

31        [(8)] **(9)** Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing  
32 Facility Account established in section 5, chapter 81, Oregon Laws 2014, the amount necessary to  
33 pay the costs of educational services provided to students admitted to pediatric nursing facilities  
34 as provided in section 2, chapter 81, Oregon Laws 2014.

35        [(9)] **(10)** Each fiscal year, the Department of Education shall transfer the amount of \$18 million  
36 from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

37        [(10)(a)] **(11)(a)** Each biennium, the Department of Education shall transfer \$33 million from the  
38 State School Fund to the Network of Quality Teaching and Learning Fund established under ORS  
39 342.953.

40        (b) For the purpose of making the transfer under this subsection:

41        (A) The total amount available for all distributions from the State School Fund shall be reduced  
42 by \$5 million;

43        (B) The amount distributed to school districts from the State School Fund under this section and  
44 ORS 327.013 shall be reduced by \$14 million; and

45        (C) The amount distributed to education service districts from the State School Fund under this

1 section and ORS 327.019 shall be reduced by \$14 million.

2 (c) For each biennium, the amounts identified in paragraph (b)(B) and (C) of this subsection shall  
3 be adjusted by the same percentage by which the amount appropriated to the State School Fund for  
4 that biennium is increased or decreased compared to the preceding biennium, as determined by the  
5 Department of Education after consultation with the Legislative Fiscal Officer.

6 [(11)] (12) Each fiscal year, the Department of Education may expend up to \$550,000 from the  
7 State School Fund for the contract described in ORS 329.488. The amount distributed to education  
8 service districts from the State School Fund under this section and ORS 327.019 shall be reduced  
9 by the amount expended by the department under this subsection.

10 [(12)] (13) Each biennium, the Department of Education may expend up to \$350,000 from the  
11 State School Fund to provide administration of and support for the development of talented and  
12 gifted education under ORS 343.404.

13 [(13)] (14) Each biennium, the Department of Education may expend up to \$150,000 from the  
14 State School Fund for the administration of a program to increase the number of speech-language  
15 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

16 [(14)] (15) Each fiscal year, the Department of Education shall transfer the amount of \$2.5  
17 million from the State School Fund to the Small School District Supplement Fund established in  
18 section 3, chapter 735, Oregon Laws 2013.

19 **SECTION 8.** ORS 327.008, as amended by section 7, chapter 735, Oregon Laws 2013, and section  
20 7, chapter 81, Oregon Laws 2014, is amended to read:

21 327.008. (1) There is established a State School Fund in the General Fund. The fund shall consist  
22 of moneys appropriated by the Legislative Assembly and moneys transferred from the Education  
23 Stability Fund. The State School Fund is continuously appropriated to the Department of Education  
24 for the purposes of ORS 327.006 to 327.077, 327.095, 327.099, 327.101, 327.125, 327.137, 327.348,  
25 336.575, 336.580, 336.635, 342.173, 343.243, 343.533 and 343.961 and section 2, chapter 81, Oregon  
26 Laws 2014.

27 (2) There shall be apportioned from the State School Fund to each school district a State School  
28 Fund grant, consisting of the positive amount equal to a general purpose grant and a facility grant  
29 and a transportation grant and a high cost disabilities grant minus local revenue, computed as pro-  
30 vided in ORS 327.011 and 327.013.

31 (3) There shall be apportioned from the State School Fund to each education service district a  
32 State School Fund grant as calculated under ORS 327.019.

33 (4) All figures used in the determination of the distribution of the State School Fund shall be  
34 estimates for the same year as the distribution occurs, unless otherwise specified.

35 (5) Numbers of students in average daily membership used in the distribution formula shall be  
36 the numbers as of June of the year of distribution.

37 (6) A school district may not use the portion of the State School Fund grant that is attributable  
38 to the facility grant for capital construction costs.

39 (7) The total amount of the State School Fund that is distributed as facility grants may not ex-  
40 ceed [20] \$9 million in any biennium. If the total amount to be distributed as facility grants exceeds  
41 this limitation, the Department of Education shall prorate the amount of funds available for facility  
42 grants among those school districts that qualified for a facility grant. **If the total amount to be**  
43 **distributed as facility grants does not exceed this limitation, any remaining amounts shall**  
44 **be expended for expenses incurred by the Office of School Facilities as provided in section 5**  
45 **(1) of this 2015 Act.**

1       **(8) Each biennium, the Department of Education may expend from the State School Fund**  
2 **no more than \$6 million for expenses incurred by the Office of School Facilities under section**  
3 **5 (2) to (6) of this 2015 Act.**

4       [(8)] (9) Each fiscal year, the Department of Education shall transfer to the Pediatric Nursing  
5 Facility Account established in section 5, chapter 81, Oregon Laws 2014, the amount necessary to  
6 pay the costs of educational services provided to students admitted to pediatric nursing facilities  
7 as provided in section 2, chapter 81, Oregon Laws 2014.

8       [(9)] (10) Each fiscal year, the Department of Education shall transfer the amount of \$18 million  
9 from the State School Fund to the High Cost Disabilities Account established in ORS 327.348.

10       [(10)(a)] (11)(a) Each biennium, the Department of Education shall transfer \$33 million from the  
11 State School Fund to the Network of Quality Teaching and Learning Fund established under ORS  
12 342.953.

13       (b) For the purpose of making the transfer under this subsection:

14       (A) The total amount available for all distributions from the State School Fund shall be reduced  
15 by \$5 million;

16       (B) The amount distributed to school districts from the State School Fund under this section and  
17 ORS 327.013 shall be reduced by \$14 million; and

18       (C) The amount distributed to education service districts from the State School Fund under this  
19 section and ORS 327.019 shall be reduced by \$14 million.

20       (c) For each biennium, the amounts identified in paragraph (b)(B) and (C) of this subsection shall  
21 be adjusted by the same percentage by which the amount appropriated to the State School Fund for  
22 that biennium is increased or decreased compared to the preceding biennium, as determined by the  
23 Department of Education after consultation with the Legislative Fiscal Officer.

24       [(11)] (12) Each fiscal year, the Department of Education may expend up to \$550,000 from the  
25 State School Fund for the contract described in ORS 329.488. The amount distributed to education  
26 service districts from the State School Fund under this section and ORS 327.019 shall be reduced  
27 by the amount expended by the department under this subsection.

28       [(12)] (13) Each biennium, the Department of Education may expend up to \$350,000 from the  
29 State School Fund to provide administration of and support for the development of talented and  
30 gifted education under ORS 343.404.

31       [(13)] (14) Each biennium, the Department of Education may expend up to \$150,000 from the  
32 State School Fund for the administration of a program to increase the number of speech-language  
33 pathologists and speech-language pathology assistants under ORS 348.394 to 348.406.

34       **SECTION 9. The amendments to ORS 327.008 by sections 7 and 8 of this 2015 Act apply**  
35 **to State School Fund distributions commencing with the 2015-2016 distributions.**

36       **SECTION 10. Notwithstanding ORS 327.008, as amended by sections 7 and 8 of this 2015**  
37 **Act, the amount the Department of Education may distribute or expend during the 2015-2017**  
38 **biennium from the State School Fund may not exceed:**

39       **(1) \$12.5 million for facility grants, as provided by ORS 327.008 (7).**

40       **(2) \$2.5 million for expenses incurred by the Office of School Facilities under section 5 (2)**  
41 **to (6) of this 2015 Act, as provided by ORS 327.008 (8).**

42       **SECTION 11.** ORS 329.488, as amended by section 10, chapter 81, Oregon Laws 2014, is  
43 amended to read:

44       329.488. (1) The Department of Education shall contract with a nonprofit entity to administer a  
45 nationally normed assessment, in collaboration with the department, to all students in grade 10 who

1 are enrolled in a public school. The purpose of the assessment is to predict the success of students  
2 on, and provide practice for students taking, college entrance exams.

3 (2) The department shall base the selection of the contractor under subsection (1) of this section  
4 on all of the following criteria:

5 (a) The contractor must be able to provide to the department statewide data containing the re-  
6 sults of the assessment;

7 (b) The contractor shall provide an assessment that:

8 (A) Identifies students with high potential to excel in advanced placement (AP) or other honors  
9 courses based on a research-based correlation of scores on the grade 10 assessment to advanced  
10 placement examinations;

11 (B) Examines students in mathematics, reading and writing; and

12 (C) Provides results that can be used by Oregon's higher education institutions to recruit stu-  
13 dents to attend college;

14 (c) The contractor must be able to supply schools with an item-by-item analysis of student per-  
15 formance on the assessment; and

16 (d) The contractor must be able to make available to each student taking the assessment a free  
17 career assessment and online exploration of colleges and career opportunities.

18 (3)(a) In lieu of using the contractor selected by the department under subsection (1) of this  
19 section, a school district may apply to the department for a waiver to allow the district to enter into  
20 a contract with a different nonprofit entity for the purpose of administering a nationally normed  
21 assessment to all students in grade 10 who are enrolled in the public schools operated by the dis-  
22 trict. The department shall grant the waiver if:

23 (A) The district had entered into a contract with the entity for the 2007-2008 school year to  
24 administer a grade 10 assessment;

25 (B) The entity, in coordination with the district, administered a grade 10 assessment during the  
26 2007-2008 school year;

27 (C) For the most recent school year in which the entity administered a grade 10 assessment, the  
28 entity met the criteria set forth in subsection (2) of this section as in effect for the school year in  
29 which the entity administered the assessment; and

30 (D) The entity plans to meet the criteria set forth in subsection (2) of this section as in effect  
31 for the school year for which the school district seeks a waiver.

32 (b) A waiver granted by the department under this subsection:

33 (A) Is valid for one school year; and

34 (B) May be renewed each school year.

35 (c) The department shall reimburse a school district for the cost of assessments allowed under  
36 this subsection from funds available to the department under ORS 327.008 [(11)] (12).

37 (4) Notwithstanding subsections (1) and (3) of this section:

38 (a) The department may, under rules adopted by the State Board of Education, waive the as-  
39 sessment for specific groups of students; and

40 (b) Upon request from a student who is enrolled in a public school operated by a school district  
41 or the parent or guardian of the student, the school district shall waive the assessment for the stu-  
42 dent.

43 **SECTION 12. Notwithstanding any other law limiting expenditures, the limitation on**  
44 **expenditures established by section 4 (1), chapter \_\_, Oregon Laws 2015 (Enrolled House Bill**  
45 **5016), for the biennium beginning July 1, 2015, as the maximum limit for payment of expenses**

1 from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery  
2 funds and federal funds, collected or received by the Department of Education, is increased  
3 by \$2,500,000 for the costs of administering the grant program described in section 2 of this  
4 2015 Act.

5 SECTION 13. This 2015 Act being necessary for the immediate preservation of the public  
6 peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect  
7 July 1, 2015.

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